

STATE OF TENNESSEE

Office of the Attorney General



PAUL G. SUMMERS
ATTORNEY GENERAL AND REPORTER

ANDY D. BENNETT
CHIEF DEPUTY ATTORNEY GENERAL

LUCY HONEY HAYNES
ASSOCIATE CHIEF DEPUTY
ATTORNEY GENERAL

MICHAEL E. MOORE
SOLICITOR GENERAL

CORDELL HULL BUILDING
NASHVILLE, TN 37243-0485

TELEPHONE (615) 741-3491
FACSIMILE (615) 741-2009

July 7, 2000

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37238

Re: BellSouth Computation of Price Regulation Index and Service
Price Index, Docket No. 00-00545

Dear Mr. Waddell:

The TRA Conference Agenda for Tuesday, July 11, 2000, contains an item for BellSouth's Computation of Price Regulation Index and Service Price Index, Docket No. 00-00545. The Consumer Advocate Division did not receive notice of this agenda item until July 3, 2000. The Consumer Advocate Division is in the process of reviewing the filing and has not had sufficient time to decide whether to intervene. In particular, the Consumer Advocate Division has questions about the following matters:

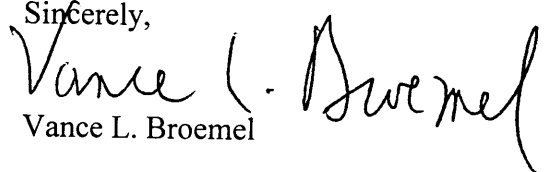
1. ISDN: in the BellSouth filing, ISDN is listed as a non-basic service. However, the TRA ruled in Docket No. 97-01438 that ISDN is a basic service. This matter needs to be clarified.
2. CSA's: there is no reference in the BellSouth filing regarding CSA's. Given the large number of CSA's and their impact on competition, BellSouth should provide information on the dollar amount of CSA's, at a minimum.
3. Late Payment Charges: the BellSouth filing refers to projected revenue from late payment charges, even though these have not been approved by the TRA in Docket No. 00-00041 (in fact, the Hearing Officer, in an Order dated July 3, 2000 held that it was improper to impose late payment charges on basic service). This matter needs to be clarified.
4. Lifeline: it appears that BellSouth has classified lifeline service as non-basic service. On page 3 of BellSouth's "Market Basket Summary of Annual Revenue" for Non-Basic Services, revenues (credit) identified as "Interstate Subscriber Line Charge Waiver & Matching Program" are included as a Non-Basic service.
5. Link-Up Service: Tenn. Code Ann. § 65-5-208 specifically identifies Link-Up service as a basic service. On page 3 of BellSouth's "Market Basket Summary of

Annual Revenue" for Non-Basic Services, Link-Up service is included as a Non-Basic service.

6. Non-recurring rates for basic service: it appears that BellSouth may have improperly classified the non-recurring charges for basic services as rates for non-basic services. Tenn. Code Ann. § 65-5-208 addresses both recurring and nonrecurring charges for basic services. On page 3 of BellSouth's "Market Basket Summary of Annual Revenue" for Non-Basic Services the company has included "Connecting, Moving, or Changing Charges/Premise Work Charges" the summary of basic service charges does not specifically identify non-recurring basic service charges.

There may be additional items, but the Consumer Advocate Division believes that these items listed above need to be thoroughly examined before any action is taken on the BellSouth price cap filing. Accordingly, the Consumer Advocate Division requests that the TRA take no action approving the BellSouth filing at the July 11, 2000 Conference.

Sincerely,


Vance L. Broemel